

Walker Budget Proposal

Summary

Overall

- \$4.2 billion reduction in spending over biennium, 6.7% reduction. This is entirely due to shift of UW Madison and UW Hospitals and Clinics off of the appropriations schedule. If those items were still included, spending over the biennium is up 1% over the base year.
- GPR spending reduced in 2011/12 by 1.3%, increased 2012/13 by 5.3%: overall increase of 4%
- Average agency cuts of 10%, with a wide range—some cut (-20% technical colleges), some increased (+27% Tourism)
- 21,325 Total FTE Reduction State Employees
 - Of that:
 - 20,163 removal of UW Madison, Hospital Clinics, and Commerce employees
 - 735 position vacancies that are eliminated
 - 921 Total FTE Jobs Eliminated
- Tax Changes (including special session bills)--\$200 million cut over biennium
 - Tax cuts of \$80.6 million 2011/12
 - Tax cuts of \$120 million 1012/13

Revenue/Taxation

- Capital Gains exemption of 100% for gains from WI based capital assets and deferral for gains reinvested in WI based business
- Allow businesses to reduce taxes by allowing broader use of losses incurred prior to passage of combined reporting, increases carry forward of losses from 15 to 20 years: \$46.4 million
- Reduce percentages of Federal Earned Income Tax credit to match national averages, cut of \$41.3 million
- Repeals indexing of homestead credit, cut of \$8.1 million
- Repeals DOR's ability to overturn combined group elections

K-12 Education

- Reduce equalization aid by \$749.4 million
- Reduce per pupil revenue limit for public schools by 5.5% below that authorized in 10/11 (Approximately \$550/pupil), a reduction in spending authority of \$930 million
- Repeal revenue limit exemption for school nurses, pupil transportation, school safety, security officers
- Phase out income requirement for Milwaukee choice; repeal enrollment cap
- Charter school authority—Charter schools can be created anywhere, teachers not licensed by DPI—only need bachelor's degree
- Per pupil aid for Milwaukee Parental Choice and Independent Charter Schools frozen at 2011/12 levels, **not subject to 5.5% decrease**
- Repeal enrollment limit for virtual charter schools
- Repeal categorical aids: Alternative education, Nursing services, Preschool to grade 5 programs, and others
- SAGE and 4K are maintained
- Eliminate requirements: 180 school days, reading specialists, Bachelor licensed school nurses, environmental quality plans, training on drug administration

UW System

- Privatization of UW Madison
- \$250,000 to study privatization of UW Milwaukee
- **Reduce UW System State Aid by \$250 million** (\$125 million UW Madison, \$125 million System)
- UW System administration cut 25%, system campuses 11%
- Tuition increase at all system institutions (\$ not defined)
- Wisconsin GI Bill: remove requirement students must access Federal GI Bill first, allows 128 credits
- Financial aid exempt from GPR reductions
- Wisconsin Covenant limited to those who sign before September 30, 2011
- Eliminates non-resident tuition and fee exemptions for undocumented persons

Technical Colleges

- Aid to Tech College Districts cut by \$71.6 million (21%)
- Prohibits tech college districts from increasing property taxes beyond 10/11 levy or 1.5 mils, whichever is less

Libraries

- Eliminates statutory requirement that local libraries be funded at a level that is not lower than the average funding for the previous three years as a condition for membership in cooperative public library systems
- Reduces by 10% state aids to public library systems, statewide resource contracts (Wisconsin Talking Book and Braille Library, Cooperative Children's Book Center and inter-library loan) and BadgerLink online information resources <http://www.badgerlink.net/>

Local Government

- Reduce shared revenue by \$96 million (10%)
- Levy limit of 0%
- Required levy limit reduction if debt service requirements declining—by that amount
- Reduce Expenditure Restraint Program to 0%
- \$1 million for State Disaster Assistance Program
- Increase 1st dollar tax credit by \$10 million over biennium

WEDC

- \$200 million allocation over biennium
- New Department of Safety and Professional Services—was Reg and Licensing, also incorporating Division of Environmental and Regulatory Services, Division of Safety and Buildings, certification of minority/woman/disabled veteran owned businesses
- Modify jobs tax credit to eliminate upper wage limit, maximum annual credit \$10,000

Tourism

- Increase tourism marketing by \$15 million by 12/13; transfer Arts Board to the Department of Tourism

Transportation

- \$410.5 million (14.7%) increase in highway funding
- \$225 million for Zoo interchange; \$195 million for I-94 Corridor
- Increase major highway program by \$59.1 million; maintain percent of revenue bonding at 42%
- \$110.8 million additional for State Hwy Rehabilitation Program
- Move transit aid to GPR

- Deposit motor vehicle sales tax into transportation fund, \$35 million this biennium, up to \$300 million ten years from now
- \$316 million is taken from other funds to pay for roads
- \$21 million taken from the environmental fund
- Turns the \$9 environment impact fee into an auto title fee, this is funding that was previously used to fund the DNR land fill management programs, the bill also allows businesses (non-individuals) to dump recyclable material in our landfills
- Includes a \$39 million raid of the petroleum fund

Environment & Natural Resources

- Eliminates Payment in Lieu of Taxes for all new purchases, instead requires local governments to pass non-binding resolutions on DNR purchases
- Changes the types of easements that can be purchased by the stewardship program—allows only those providing access to public land (up to 5 acres only), and those for state trails and the ice age trail. Requires a non-binding local referendum, which must be considered by DNR. All Stewardship purchased lands will have full public access, unless safety issues.
- Eliminate requirement that a municipality or county operate a recycling program; convert recycling and renewable energy fund to economic development fund.
- Ends the Working Lands Initiative by eliminating the conversion fee for rezoning land out of a farmland preservation district; eliminating \$12 million bonds for agricultural conservation easement program; and eliminating tax credits to farmers who keep land in agricultural use
- \$400,000 to open facilities at parks and southern forests
- \$5 million for Great Lakes clean-up
- \$4 million for dam repair, reconstruction, and removal
- \$20 million for non-point source water pollution
- Clean Water Fund modifications: reduces amount available for financial hardship
- Removes new phosphorous rules, makes state match less stringent neighboring states. The rules would allow point (wastewater treatment) and non-point (farm land) sources of runoff to work together to mitigate discharges into a given watershed. The rule allows considerable flexibility between all sources to find the most cost effective way to limit run off.
- Reduces suspended solids requirement to current federal law, also significant reduction in standards
- Eliminates Office of Energy Independence, new Division of Energy at DOA

Health and Human Services

- \$500 million cut to Medicaid over biennium
- Makes modifications to Medicaid, BadgerCare Plus, Senior Care (all vague): create multiple benefit plans; manage care for high-needs individuals; outcomes based service delivery; self directed services; wellness programs.
- Requires participants in SeniorCare to apply for Medicaid Part D first, use SeniorCare only as a supplement. Would significantly increase costs to seniors from \$30 annually with \$5 co-pays to a range of \$180 to \$1600 per year, plus co-pays for individual prescriptions.
- No expansion of Family Care beyond current implementation; will use results of audit. No new counties will be brought online, will create waiting list in participating counties.
- Income Maintenance Eligibility Determination: Complete centralization of process, elimination of 270 FTE and cut of \$48 million /year.
- Eliminates state-only FoodShare program for legal immigrants who don't meet Federal residency requirements--\$3 million

- Closes units at the Wisconsin Resource Center (\$5 million) relocate sexually violent persons to Sand Ridge Secure Treatment facility. Reduction of Jobs: 59.25 FTE

DVA

- \$13 million cut to base funding (4.5%)
- Allow DVA to reorganize and reallocate funds to ensure solvency in the fund
- Allows DVA to build and operate a new Veterans Home in Chippewa Falls
- Increases expenditure authority for staffing and maintenance at Veterans Memorial Cemeteries

Children and Families

- Transfer Foodshare, State Supplement to Federal SSI programs from DHS to DCF; economic welfare programs now under one agency
- W-2 increased work compliance as a condition to receive cash assistance
- Shares—tiered reimbursement based on provider's quality rating
- Shares—allows waiting list, increase copayments, adjustments to reimbursement, changes to gross income levels for eligibility
- Regulated rate system for group homes, residential care centers, treatment foster care agencies 11 FTE, \$800,000

Justice

- Repeal of earned release from last session
- Increase DNA analysts at state crime lab: \$775,000
- \$1 million for 19 new FTE internet crimes against children
- Reduce funding in prisons due to declining populations; \$53 million reduction total
- Close Ethan Allen Juvenile Correction Facility
- \$1.5 million for ongoing WISCOM costs—interoperability system
- \$1 million for Assistant DA pay progression
- Byrne grants—removes earmark possibility, OJA will allocate
- \$1 million increase State Public Defender, provide private bar appropriation

Please send written testimony to BudgetComments@legis.wisconsin.gov
Information submitted will be shared with Joint Finance Committee members

ADDITIONAL BUDGET RESOURCES:

- **Legislative Fiscal Bureau:** http://legis.wisconsin.gov/lfb/LFBPublications_ButtonPages/2011-13_budget.htm
- **Wisconsin Counties Association:** <http://www.wicounties.org/legislation/state-budget/>
- **Institute for Wisconsin's Future:** www.wisconsinsfuture.org
- **Wisconsin Council on Children & Families:** www.wccf.org